

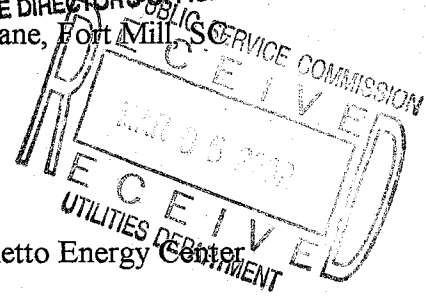
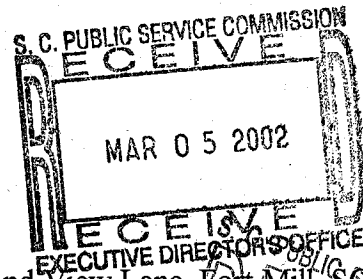
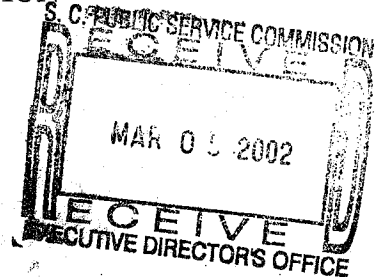
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STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION

Docket No. 2001-507-E

In Re: Application of Palmetto Energy
Center, LLC for Certificate of
Environmental Compatibility and
Public Convenience and Necessity
to Construct a Major Utility Facility

DIRECT TESTIMONY
OF
Henry B. Williams



1 Q. PLEASE STATE YOUR NAME AND ADDRESS

2 A. My name is Henry B. Williams. My home address is 61 Pond View Lane, Fort Mill, SC
3 29715.

4 Q. IN WHAT CAPACITY ARE YOU APPEARING TODAY?

5 A. I am a resident of Fort Mill living within 3 miles of the proposed Palmetto Energy Center

6 Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

7 A. I am appearing on behalf of myself.

8 Q. ARE YOU FAMILIAR WITH THE FACTS AND INFORMATION SET FORTH
9 IN THE PALMETTO ENERGY'S APPLICATION?

10 A. Yes, I have reviewed the application and the supporting documents.

11 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE REGULATORY AGENCIES?

12 A. No

13 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

14 A. The purpose of my testimony is to oppose Palmetto Energy's Application for a

RETURN DATE: 02/05
SERVICE: _____

1 Certificate of Environmental Compatibility and Public Convenience and Necessity to
2 construct and operate a generating plant for the production of electric power and energy
3 in York County, near Fort Mill, South Carolina ("Palmetto Energy Facility").

4 **Q. WHAT ARE YOUR REASONS FOR OPPOSING THE PALMETTO ENERGY**
5 **FACILITY?**

6 A. **!) The applicant failed to show a need for this power plant.** To prove need,
7 they commissioned Pace Global Energy Services, a company known for their stance in
8 favor of deregulation of the power industry. Pace's study uses faulty premises to
9 estimate future electricity needs, and brushes over more financially and environmentally
10 suitable options.

11 First off, Pace points out that Calpine's decision to actually site the merchant
12 plant is evidence of its need, as Calpine wouldn't make this investment if it wasn't
13 needed. This is like saying that the decision to buy a file cabinet proves that the need
14 existed. After all, it will certainly be full shortly. File cabinets, like power plants, create
15 their own need. If power plants are built, and power is plentiful, it will get sold and
16 consumed. However, if power is not as readily available, consumers will, and do, turn to
17 other options such as conservation measures, new energy saving appliances, and
18 development of less environmentally obtrusive ways to generate energy. One such
19 upcoming candidate for replacing power plants is fuel cell technology. Pace admits that
20 it is competitive with the technology proposed in the Palmetto plant but "are still in the
21 demonstration stage". **I propose that, necessity being the mother of invention, the**
22 **best way to keep it in the demonstration stage is to approve lots of power plants and,**
23 **thereby, eliminate the need to improve the technology.**

1 Pace compares their study to those done by the Federal Energy Information
2 Administration (EIA) which also estimates future power needs. But, unlike Pace, the
3 EIA endorses the Clean Power Act, which calls for energy saving measures instead of
4 (non-renewable fossil fuel burning) power plant construction and power plant clean up.
5 They estimate that energy saving measures would save consumers \$16 billion in
6 electricity cost in 2010 compared with business as usual, and save billions in natural gas
7 cost, to boot.

8 Secondly, the Pace study reasons that, "if the resource plans of nearby utilities
9 show the need for new capacity, this is strong evidence of need." In actuality, the
10 resource plans for nearby utilities show the need for new capacity that they propose to fill
11 themselves, by increasing their own regulated power production, not turning it over to a
12 deregulated merchant plant that sells to the highest bidder. The resource plan for Duke,
13 for example, specifies that any outside power it purchases is of a short term nature, and
14 will cease by 2010. The testimony of the Pace representative also hypothesizes that
15 actions of nearby utilities to construct their own capacity are evidence of the need for
16 new generating capacity. Duke has said publicly that it has no plans for expansion in the
17 Carolinas. Using Pace's own reasoning then, there is no need for new generating
18 capacity in the Carolina's.

19 In his testimony, the Pace representative also states that the Palmetto Facility
20 represents only about 7 percent of the power that is needed in VACAR through 2010, and
21 that if the need isn't filled, there will be "the potential for very high and volatile power
22 prices like those experienced in California before the Federal Energy Regulatory
23 Commission imposed price mitigation measures." To my reasoning, this is an argument

1 against merchant power plants. It is those unregulated out of state merchant electric
2 producers who are being sued for overcharging California consumers billions of dollars
3 and taking advantage of electricity shortages which were actually caused more by electric
4 transmission problems than by shortages of generated power. In fact, the EIA estimates
5 that 90% of power outages are caused by transmission problems and there is more room
6 for conserving energy by improving transmission than by generating more power.

7 In one more notable statement on the Pace testimony, it is indicated that
8 merchant power plants like Palmetto are needed to fill the estimated future need for
9 power. They say this protects the consumer because "the risk of insufficient need is borne
10 by the owners of the merchant plant, not by the ratepayers." This is contradictory to the
11 emphasis of their whole study. On the one hand, they "prove" that some 40,000
12 additional megawatts are needed to avoid disaster, but on the other hand, they are
13 generously protecting us from the risk of insufficient need. If there is such a huge
14 upcoming demand for electric, where is the risk? In the same respect, to what kind of
15 risk would the consumer be subjected if currently existing regulated utilities were to
16 increase their output instead of counting on fossil fuel burning merchant power plants to
17 fill in? Has there ever been a case of consumers paying less for unregulated power than
18 regulated power. I think not!

19 2) The applicant failed to show that "public convenience and necessity require
20 the construction of the facility". In fact, the applicant failed to address one major area of
21 concern, the effect on property values. In public meetings in Fort Mill, and at another
22 public venue for another of their plants, the Calpine representative said, "While no
23 studies on the matter have been performed, the company has never found a documented

1 case where a plant's construction resulted in a property's depreciation". Professional
2 economists view it differently. A large empirical study by Clarke and Nieves, included
3 an analysis of 53 gas or oil fire electric generating plants. The study concluded that the
4 plants reduce property values in the surrounding areas. In another, prepared as expert
5 testimony for a case in Illinois concluded that , " Highly reputable research studies
6 have established beyond doubt that electric power facilities have detrimental effects
7 on residential property values" (pg. 2) and "within 11,500 feet [2.18 miles!] of the
8 power plant, a typical property value [will decrease significantly]". Furthermore it
9 concludes, "If land potentially developable for residences becomes built up, there is
10 detraction from value of each of the new residences of the same magnitude as for
11 existing residences, the effect on property values could be magnified many fold."
12 Here is one more quote from the study, ""The fact that the area is made less
13 desirable by the [power plant] will make the vicinity less desirable to higher income
14 persons, who value the character of their neighborhood the most. The homes that
15 will be built are likely to be of lower value than would be built in the absence of the
16 [power plant]. If the blight-begets-blight principle takes hold, the neighborhood
17 could become so undesirable, that all or part of it that would be developed in the
18 absence of the [power plant] would be precluded from any development at all."

19 There is a large development planned in Fort Mill, similar to Baxter. According
20 to the town planning map, it will be almost across the street from the proposed plant.
21 There is solid professional opinion that future developments in Fort Mill will be
22 substantially less valuable, if they they are built at all, if this power plant is constructed.

23 The applicant failed to establish the nature of the probable environmental
24 impact. While there are plenty of words in the application about state of the art
25 technology, clean burning natural gas, and Best Available Control Technology (BACT),

1 the company acknowledges that power plants, even natural gas burners are a major
2 source of pollutants putting tons of undesirable substance into the air each year, and as
3 such, has a significant battle to make themselves look good to the authorities and to the
4 population. Fort Mill is a fast growing "bedroom community" already surrounded by
5 some of the major polluters in York County. Calpine stated in their public forum that
6 Fort Mill is growing at 5% annually. Their theory was that Fort Mill needed their
7 investment here to help pay for such rapid growth. But in making that statement they
8 acknowledge that this is a population growth area not an industrial area. Still, they say
9 they turned down other sites because they were populated areas. The application also
10 says the plant uses BACT but the proposal includes only the technologies that are
11 mandated by state law, not the technologies that Calpine has been required to use in other
12 states and is available to them now, and should be used if building in a population growth
13 area such as Fort Mill.

14 CONCLUSION

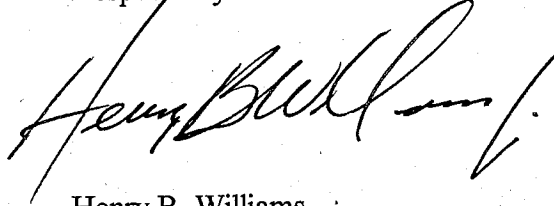
15 The current trend in the US is that a small group of generating companies have
16 banked on a steady increase in demand across the US, along with the need to supply
17 power during periods of peak demand. Calpine and other competitors, including Duke,
18 collectively have reportedly announced plans to build some 422,000 MW of generating
19 capacity over the next 13 years. Calpine specifically has acknowledged that it will buy
20 27 steam engines from Siemens AG between 2002 and 2005 to build 5,400 MW of
21 capacity. Many of these facilities were outlined over the past 3 years when the US faced
22 a well-publicized energy crunch. Now the pendulum has swung back to leave many of the
23 same companies worried about a possible energy glut. In the past few months several

1 approved plants were discontinued. You would think that the remaining ones are taking a
2 big risk, but, not so. Electric power creates it own need. I know people, for example, in
3 Fairport, NY, where, for some reason electric is cheap. What do they do? Leave all their
4 lights on all night. It looks like daylight when you drive through some of the areas there.
5 They don't have incentive to preserve. Nationally, experts, other than those contracted
6 by the merchant power companies, recognize that the solution is not to generate more
7 power, but to allow improvements in new power generating techniques. The EIA
8 acknowledges that air pollution from power plants takes a terrible toll on the health of
9 Americans and is a leading cause of global warming. The power companies would have
10 us believe that we need to increase, but their statistics are based on how much power we
11 would use if it were available. The fact that it's not available causes us to save and to
12 look for alternative sources. The power we use today, for example, is far less than was
13 predicted 10 years ago for that reason. In California, last year, during the power
14 shortages, their power needs were significantly less than the rest of the nation, because it
15 wasn't available and they found good ways to conserve and other ways to produce. Fort
16 Mill is not a leader of the nation, but lets do here what they should be doing nationally
17 and prohibit this power plant and help stop this trend.

18 WHEREFORE, having stated, truthfully, and to the best of my knowledge and
19 ability the impacts of the Palmetto Energy Facility, I submit to you that this plant
20 represents a 30+ year commitment to a major new source of nonreplicable fossil fuel
21 burning pollution in this beautiful part of South Carolina, at a period in time which is
22 very questionable regarding need, safety, and alternative resources, and I respectfully
23 urge this honorable Commission to decline the application for Certificate of

1 Environmental Compatibility and Public Convenience and Necessity for the Palmetto
2 Energy Facility, for the sake of South Carolina and for this whole nation.

3 Respectfully submitted

4 
5

6 Henry B. Williams

7 61 Pond View Lane

8 Fort Mill, SC 29715
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12

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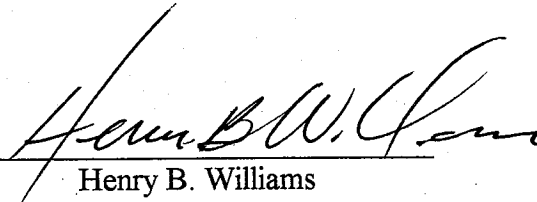
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Public Convenience and Necessity)
to Construct a Major Utility Facility)
_____)

**CERTIFICATE
OF
SERVICE**

I, Henry B. Williams, do hereby certify that I have this date served twenty five (25) copies of this Direct Testimony to

Gary Walsh
SC Public Service Commission
101 Executive Center Drive, Suite 100
Columbia, SC 29210

And one (1) copy upon the interveners whose names appear on the attached list by causing said copies to be deposited with the United States Postal Service, first class postage affixed thereto, and mailed to the addresses indicated.


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